

INITIAL STATEMENT OF REASONS
Electronic Insurance Reporting
Title 13, Article 2.3
Sections 85.00, 85.02, 85.04, 85.06 and 85.08

The Vehicle Code has required registered owners of motor vehicles to provide evidence of financial responsibility since 1929. Ensuring that drivers and owners comply with the financial responsibility statutes has been a challenge for the State legislature, law enforcement and the department. SB 1500 (Chapter 920, Stats 2004) was enacted in 2004 to ensure compliance with these laws. Vehicle Code section 4000.38, as amended by SB 1500, requires the department to suspend, cancel or revoke the registration of a vehicle under specified conditions when the department has not received evidence of financial responsibility for the vehicle, effective January 1, 2006. Prior to suspending, canceling or revoking the registration, the department is required to provide the vehicle owner with notice of its intent, and allow the owner to provide evidence of financial responsibility or establish that the vehicle is not being operated.

Vehicle Code section 16058, added by SB 1500, requires insurers to use electronic reporting, and authorizes the department to specify the formats of electronic interface. Section 16058 further requires the department to identify specific alternative forms and procedures for the establishment of satisfactory evidence of financial responsibility.

The department proposes to adopt Sections 85.00, 85.02, 85.04, 85.06 and 85.08 to implement the requirements of Vehicle Code sections 4000.38 and 16058.

85.00 Definitions.

Subdivision (a) identifies the satisfactory forms of evidence of financial responsibility that are acceptable electronically and subdivisions (a)(1) through (4) describe the acceptable forms that cannot be submitted electronically. This subdivision specifies the insurance policies that are required to be submitted electronically and the various documents allowed by statute for the department to accept as evidence of financial responsibility.

Subdivision (b) defines the term “issuance of original registration or transfer of registration,” as used in Vehicle Code section 4000.38(a)(3), to be the issue date on the registration card sent to the registered owner. This is necessary because the only other document to be issued is the certificate of title which is not sent to the registered owner when a lienholder is indicated for an original registration or a transfer of registration.

Subdivision (c) defines the term “owner” as used in Vehicle Code section 4000.38, to be the registered owner listed on the department’s vehicle history database and on the motor vehicle registration card. This definition provides the identity of the person(s) who is responsible for providing evidence of financial responsibility for a motor vehicle.

85.02 Registration Suspension.

Subdivision (a) identifies the time frame before the suspension becomes effective when the department notifies the registered owner that the department has determined that false evidence of financial responsibility was provided to the department and thus the registered owner was not in compliance with the financial responsibility laws. The department has

determined a thirty (30) day time frame would be sufficient time to allow the registered owner to obtain one of the satisfactory evidence of financial responsibility documents identified in Section 85.04, subdivisions (a) (1) through (5) and submit it to the department.

Subdivision (b) identifies the forty-five (45) day time frame which is specified in statute as the time allowed before the suspension becomes effective when the department is notified that the insurance has been cancelled and the registered owner has not informed the department of any replacement form of satisfactory evidence of financial responsibility. Although this is specified in statute, the other time frames are not in statute. Having all the time frames in one place provides consistency and convenience for the general public.

Subdivision (c) identifies the time frame before the suspension becomes effective when the registered owner does not provide evidence of financial responsibility after registering a vehicle and obtaining a certificate of ownership titling document. The department has determined a thirty (30) day time frame would be sufficient to allow the registered owner to obtain one of the satisfactory evidence of financial responsibility documents identified in Section 85.00, subdivisions (a) (1) through (5) and submit it to the department.

85.04 Alternative Procedure for Electronic Insurance Reporting.

Subdivision (a) documents the procedure authorized in Vehicle Code section 16058(d)(2) that requires the department to allow the timely renewal of a vehicle when electronic insurance has not been updated to the department's database. Subdivisions (a) (1) through (4) specify the acceptable documents to allow the department to issue registration indicia.

Subdivision (b) informs the general public that documents submitted as evidence of financial responsibility will be verified to determine authenticity.

85.06 Registration Reinstatement.

This subdivision provides the requirements to reinstate vehicle registration after a vehicle has been suspended for failure to provide satisfactory evidence of financial responsibility. Vehicle Code section 4000.38(a)(2) requires the department to charge a reinstatement fee sufficient to pay the cost of registration reissuance. The department has determined that amount to be fourteen dollars (\$14). The costing to establish the fee is provided in Attachment A.

85.08 Insurance Company Reporting Requirements

Subdivision (a) informs the insurance companies of the electronic formats required to transmit the insurance information. These two formats identified in the express terms are used in 97% of the updates from insurance companies to the department's database at the current time. The remainder of the reporting requirements is exempt from adoption as a regulation under Government Code section 11340.9(e).

Subdivision (b) informs the insurance companies of the time frames to report the insurance information to the department or its agent. This is necessary to ensure that the information is sent in a timely manner. The thirty (30) day time frame is currently used by the department and would be consistent with the time frame identified in Vehicle Code section 16058(c).